

with Enron stock. Records show that Mr. Lay at first drew down the line of credit once per month then every two weeks and then, on some occasions, several days in a row. In the one-year period from October 2000 to October 2001, Mr. Lay used the credit line to obtain over \$77 million in cash from the company and repaid the loans exclusively with Enron stock, at a time when the company had significant cash flow issues. After Enron's collapse, it was discovered that Mr. Lay had failed to repay and still owes the company about \$7 million. The Subcommittee concluded that the Enron board had failed to monitor or halt abuse by Mr. Lay of his multi-million-dollar, company-financed credit line.

Enron, of course, is not alone in having experienced corporate loan abuses. Similar abuses by corporate executives given company-financed loans for millions of dollars have taken place at other U.S. publicly traded companies. At the time of Worldcom's collapse, for example, Board Chairman and CEO Bernard Ebbers was found to have outstanding company-financed loans exceeding \$400 million. Apparently, most of these loans had been provided to enable him to purchase Worldcom stock. At Tyco International, Board Chairman and CEO Dennis Kozlowski and other executives apparently managed to secure not only multi-million-dollar personal loans using company funds, but to arrange to have these loans deemed "forgiven" in amounts allegedly totaling more than \$100 million. Apparently these loans were to pay for employee relocation expenses, including the purchase of expensive residences. Numerous other publicly traded companies have also provided troubling, multi-million-dollar, company-financed loans to corporate executives, including Adelphia, AMC Entertainment, Dynegy, FedEx, Healthsouth, Home Depot, Kmart, Mattel, Microsoft, Priceline.com, SONICblue, and more.

Given the extent of insider abuse in this area and the lack of effective Board or management oversight, the Subcommittee recommended in its July report that Board members at publicly traded companies bar the issuance of company-financed loans to company directors and senior officers. Later that same month, Senator Charles Schumer offered on the Senate floor the amendment that led to inclusion of the Section 402 prohibition in the final corporate reform law.

Media reports indicate that some companies may be pressing the SEC to narrow the scope of the prohibition or otherwise weaken it through regulation, guidance, or other means. These media reports suggest that opponents want exemptions, for example, for company loans used by executives to purchase company stock, exercise stock options, obtain insurance, relocate for work, or pay taxes. But the legislative history provides no basis for creating these exemptions or otherwise weakening the provision. To the contrary, the statutory prohibition makes it clear that publicly traded companies are not supposed to be using company funds to provide personal financing to company directors or officers for any reason; financing is to be provided instead by lenders, credit card operators, or other third parties engaged in the ordinary course of business.

In light of the abusive record compiled by the Permanent Subcommittee on Investigations among others, the Subcommittee's bipartisan recommendation to bar company-financed loans to corporate directors or officers, and the plain language of the statutory prohibition itself, the Commission should continue to resist efforts to weaken this significant post-Enron reform. Congress enacted and the SEC must enforce this bright-line measure to end corporate loan abuses by top executives.

Thank you for your attention to this important matter. If your staff has any questions or concerns about this letter or would like additional copies of the Subcommittee report, please have them contact Elise Bean, Subcommittee Staff Director, at (202) 224-9505 or Kim Corthell, Minority Staff Director, at (202) 224-3721.

Sincerely,

SUSAN M. COLLINS,
Ranking Member
Minority
CARL LEVIN,
Chairman.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred September 2, 2001 in Athens, GA. Christopher Gregory, 20, was attacked while leaving a gay bar. Gregory was walking with friends when a group of people started shouting anti-gay epithets at them. After Gregory turned and yelled "Leave us alone!" an attacker punched him, knocking him to the ground. As the attacker walked away he directed another anti-gay slur toward Gregory.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

TURKEY'S REQUEST TO NATO FOR ASSISTANCE

Mr. BIDEN. Mr. President, I rise today to condemn in the strongest terms the rejection yesterday by France, Germany, and Belgium of Turkey's formal request for defensive help under Article 4 of the North Atlantic Treaty. This was the first invocation of Article 4 in the 54-year history of NATO.

Article 4 mandates alliance members to consult "whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." Fearing a preemptive attack by Iraq, Turkey requested Patriot missile batteries, AWACS radar planes, and specialized units for countering chemical and biological warfare.

Sixteen of the 19 NATO members voted to grant Turkey its request. France, Germany, and Belgium, however, refused, thereby blocking the request under the alliance's consensus principle. Paris, Berlin, and Brussels argued that even this kind of defensive action by NATO would appear to com-

mit the alliance to war before the U.N. weapons inspectors in Iraq had issued their second report this Friday.

I have spoken at length on the situation in Iraq on the floor of this chamber and in many other venues. Today, therefore, I will restrict my comments to yesterday's action in NATO's North Atlantic Council, NAC, and the potential ramifications for the future of the alliance.

Frankly, I am shocked and outraged at the behavior of France, Germany, and Belgium. I could easily give an emotional response, but I will not descend to the level of caricature and vitriolic insults that, unfortunately, one increasingly hears from Western European America-bashers.

Nor will I indulge in blanket criticism. France is this country's oldest ally and in the last 12 years took part in the Gulf War, the Kosovo air campaign, and in Operation Enduring Freedom. Germany too has participated in recent military and peacekeeping operations and on this very day, together with the Netherlands, is assuming command of the International Security Assistance Force, ISAF, peacekeeping operation in Afghanistan. Belgium is also contributing troops to peacekeeping in the Balkans.

This is, however, only part of the story. Recent history, unfortunately, gives us a foretaste of yesterday's action in the NAC. One might recall Belgium's refusal during the Gulf War to sell ammunition to NATO ally Great Britain. Or more directly applicable was the Bundestag speech early in 1991 by Mr. Otto Lambsdorff, then a leader of the German Free Democratic Party, opposing military shipments to NATO ally Turkey because of elements of Ankara's domestic policy.

Germany's action yesterday was particularly distasteful, since that country's postwar economic miracle or "Wirtschaftswunder" was to a considerable extent built by the sweat of Turkish guest workers.

Aside from moral considerations, the refusal of assistance to Turkey by these three countries gravely undermines the solidarity that is the bedrock of the North Atlantic Alliance.

At first glance, their behavior is puzzling, since they surely know that the United States will stand by its Turkish ally and either unilaterally, or in conjunction with other NATO members, will provide the equipment that Ankara feels it needs.

Already one European ally has stepped up to the plate. The Dutch Foreign Ministry has declared that "the Netherlands is strongly opposed" to the French-German-Belgian move and "will go ahead with providing Patriot missiles to Turkey." The Dutch, in fact, have already sent an air force team to Turkey to prepare for the dispatch of the Patriot missile batteries, which will be manned by 370 Dutch military personnel.

So since Turkey will receive defensive assistance, the French-German-